

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AGR-20 IGA-02 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07

SS-20 STR-08 CEA-02 H-03 DODE-00 PA-04 USIA-15 PRS-01

DRC-01 /174 W

----- 123069

R 270930Z MAR 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1866

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY PHNOM PENH

AMEMBASSY RANGOON

AMEMBASSY SAIGON

AMEMBASSY SINGAPORE

AMEMBASSY VIENTIANE

LIMITED OFFICIAL USE BANGKOK 4994

E.O. 11652: N/A

TAGS: ECON, TH

SUBJECT: INCREASING PUBLIC CONCERN OVER INFLATION

REF: A. BANGKOK A-79; B. BANGKOK 4632; C. BANGKOK 4945

1. BEGIN UNCLASSIFIED. FOLLOWING COMMERCE MINISTRY ANNOUNCEMENT OF MARCH 11 THAT WHOLESALE PRICE INDEX FOR THAILAND IN 1973 HAD INCREASED BY RECORD-BREAKING 22.8 PERCENT OVER PREVIOUS YEAR (REPORTED REF A), MINISTRY ON MARCH 22 ANNOUNCED THAT CONSUMER PRICE INDEX FOR BANGKOK METROPOLITAN AREA ROSE BY RECORD 11.7 PERCENT IN SAME PERIOD. THIS COMPARED TO PREVIOUS HIGHS OF ONLY 4 PERCENT REGISTERED IN 1972 AND 1967.

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2. FOOD AND BEVERAGES REGISTERED THE SHARPEST INCREASE

IN THE CONSUMER PRICE INDEX IN 1973--UP 14.4 PERCENT. INCLUDED IN THIS CATEGORY WERE STAPLES SUCH AS RICE AND GRAINS (UP 13.4 PERCENT), MEAT AND FISH (UP 15.5 PERCENT), VEGETABLES AND FRUITS (UP 10.4 PERCENT) AND EGGS AND DAIRY PRODUCTS (UP 26 PERCENT).

3. FOOD PRICE INCREASES WERE FOLLOWED IN ORDER BY SUCH OTHER NECESSITIES AS CLOTHING AND CLOTH (UP 14.2 PERCENT), TRANSPORTATION (UP 14 PERCENT), AND HOUSING AND FURNISHINGS (UP 8 PERCENT).

4. AVAILABLE INDICATIONS SHOW NO SIGNS OF INFLATION LEVELING OFF THUS FAR THIS YEAR. RECENT SHARP PRICE INCREASES IN RICE, ELECTRICITY RATES AND FISH HAVE FURTHER SQUEEZED POCKETBOOK OF BANGKOK-THONBURI CONSUMERS. PROMINENT BANKER BOONCHU ROJANASATHIEN OF BANGKOK BANK PUBLICLY PREDICTED THAT COST OF LIVING THIS YEAR WOULD INCREASE FURTHER 20 PERCENT.

5. TO ADD TO RTG'S ECONOMIC WOES WAS SIX-DAY STRIKE BY FISHING BOAT OPERATORS. ACCORDING TO PRESS STRIKE ENDED MARCH 27 AFTER CABINET ON MARCH 26 HAD RESUSED LATEST FISHERMEN'S DEMANDS CALLING FOR PROVISION OF 60 MILLION LITERS OF TAX-EXEMPT DIESEL PER MONTH, INCREASING EXPORT QUOTA OF FISHMEAL FROM PRESENT 2,000 METRIC TONS PER MONTH TO 6,000 TONS AND ENDING EXPORT PREMIUM PAID TO RTG. CABINET HOWEVER, HAD OFFERED TO PROVIDE 40 MILLION LITERS OF DIESEL PER MONTH AT WHOLESALE PRICES. END UNCLASSIFIED.

6. BEGIN LIMITED OFFICIAL USE. STATE OF ECONOMY REMAINS SUBJECT OF MAJOR CONCERN TO SANYA GOVERNMENT AND THE GREATEST POTENTIAL THREAT TO ITS STABILITY. DESPITE APPARENT EASEMENT IN RECENT RICE CRISIS, INCREASING CRITICISMS ARE BEING EXPRESSED OVER THE STATE OF THE ECONOMY AND INABILITY OF THE SANYA GOVERNMENT TO COPE WITH SPIRALING PRICES. BOTH THAI AND ENGLISH PRESS HAVE INTERPRETED PM'S STATEMENTS AT IMPROMPTU MARCH 26 PRESS CONFERENCE (REPORTED REF C) AS SAYING HE WOULD CONSIDER RESIGNING IF ECONOMIC ILLS PLAGUING COUNTRY DID NOT IMPROVE. SIMILAR EXPRESSIONS OF CONCERN BY PM AND PLEAS FOR LIMITED OFFICIAL USE

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UNDERSTANDING IN LATE 1973 HAD A COOLING AFFECT ON WAVE OF STRIKES AT THAT TIME, BUT INFLATION IS LESS TRACTABLE BECAUSE THE CAUSES WHICH ARE INTERNATIONAL IN MANY INSTANCES, LARGELY BEYOND THAILAND'S CONTROL. SETTLEMENT OF FISHERMEN'S STRIKE WILL REMOVE AN ADDITIONAL BURDEN FROM PM. END LIMITED OFFICIAL USE.
KINTNER

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